

CRS Report for Congress

Received through the CRS Web

The Workforce Investment Act of 1998 (WIA): Reauthorization of Job Training Programs

Updated March 14, 2005

Ann Lordeman
Specialist in Social Legislation
Domestic Social Policy Division

The Workforce Investment Act of 1998 (WIA): Reauthorization of Job Training Programs

Summary

Title I of the Workforce Investment Act of 1998 (WIA), P.L. 105-220, the nation's chief job training legislation, authorizes several job training programs, including Youth, Adult, and Dislocated Worker Activities; and Job Corps. The authorization for WIA programs expired on September 30, 2003, although annual appropriations have continued funding for WIA through FY2005.

On March 2, 2005, the House passed H.R. 27, the Job Training Improvement Act of 2005. This bill, which would amend the Workforce Investment Act of 1998 (P.L. 105-220), was reported by the Committee on Education and the Workforce on February 25, 2005 (H.Rept. 109-9). On January 24, 2005, Senator Michael Enzi, Chairman of the Senate Committee on Health, Education, Labor, and Pensions, introduced S. 9, the Lifetime of Education Opportunities Act of 2005. This bill includes the Workforce Investment Act Amendments of 2005.

Both H.R. 27 and S. 9, in addition to reauthorizing the Title I WIA training programs, would also modify the Adult Education and Family Literacy Act (AEFLA) and reauthorize the Rehabilitation Act of 1973. All three programs would be authorized through FY2011. The focus of this report is on Title I of WIA. Some of the Title I issues addressed by H.R. 27 and S. 9 include:

- Funding for the costs of the one-stop centers' infrastructure (defined as nonpersonnel costs).
- The percentage of youth program funds that would be spent on activities for out-of-school youth.
- The sequencing of core, intensive, and training services to individuals.
- The criteria and procedures for determining eligibility for training providers.
- The indicators of program performance.
- Creation of a consolidated adult program under H.R. 27 by combining funding for adult activities, dislocated worker activities, the employment service, and reemployment grants. S. 9 would not create a consolidated adult program; funding streams would remain separate.
- The hiring practices of religious organizations that operate job training programs.
- Creation of a new Youth Challenge Grant Program to assist youth in acquiring the skills, credentials, and employment experience necessary to succeed in the labor market.
- Creation of new demonstration projects, including Community-Based Job Training and Personal Reemployment Accounts under H.R. 27, and Skill certification Pilot Projects and Integrated Workforce Training Programs for Adults with Limited English Speaking Proficiency under S. 9.

This report will be updated should major legislative developments occur.

Contents

Most Recent Developments	1
Introduction	1
Summary of Amendments to Title I	3
One-Stop Delivery System	3
Structure of State and Locally Administered Programs	4
State and National Programs	5
Overview	5
Youth Challenge Grants	5
State and Local Formula Allocations	6
Youth Allocations	6
Allocations for Adult Activities	7
Youth Activities	8
Adult Activities	9
Demonstration and Pilot Projects	10
Community-Based Job Training	10
Personal Reemployment Accounts (PRAs)	11
Training for Realtime Writers	12
Business Partnership Grants	12
Skill Certification Pilot Projects	12
Integrated Workforce Training Programs for Adults with Limited English Proficiency	12
Performance Accountability	13
Nondiscrimination	13
Authorization of Appropriations	13
Youth, Adult, and Dislocated Worker Activities	13
Demonstration and Pilot Projects	14

The Workforce Investment Act of 1998 (WIA): Reauthorization of Job Training Programs

Most Recent Developments

On March 2, 2005, the House passed H.R. 27, the Job Training Improvement Act of 2005. This bill, which would amend the Workforce Investment Act of 1998 (P.L. 105-220), was reported by the Committee on Education and the Workforce on February 25, 2005 (H.Rept. 109-9). On January 24, 2005, Senator Michael Enzi, Chairman of the Senate Committee on Health, Education, Labor, and Pensions, introduced S. 9, the Lifetime of Education Opportunities Act of 2005. This bill includes the Workforce Investment Act Amendments of 2005.

Introduction

The Workforce Investment Act of 1998 (WIA) (P.L. 105-220),¹ was enacted in August 1998. Among other things, WIA repealed the Job Training Partnership Act (JTPA), and replaced it with new training provisions under Title I, Workforce Investment Systems.² All states were required to implement Title I by July 1, 2000. The authorization for WIA programs expired on September 30, 2003; however, Congress has continued to fund the programs through the appropriations process.

On February 17, 2005, the House Education and the Workforce Committee approved H.R. 27, the Job Training Improvement Act of 2005, by a party-line vote of 26-20. On March 2, 2005, the House passed the bill by a vote of 224-200, largely along party lines. H.R. 27 is similar to the Workforce Reinvestment and Adult Education Act of 2003 (H.R. 1261), which was passed by the House during the 108th Congress. A notable difference with respect to Title I of WIA is that H.R. 27 contains provisions for a demonstration project on Personal Reemployment Accounts (PRAs), which are identical to those contained in H.R. 444, passed in the House during the 108th Congress. Another difference is that H.R. 27 contains provisions for a Community-Based Job Training Initiative, which would provide competitive grants to community colleges to enhance their capacity to provide training for occupations

¹ 29 U.S.C. §§ 2811 et seq.

² For more information, see CRS Report 97-536, *Job Training Under the Workforce Investment Act (WIA): An Overview*, by Ann Lordeman.

in demand by high-growth industries. The President has requested funds for this initiative for both FY2005 and FY2006.³

On January 24, 2005, Senator Michael Enzi, Chairman of the Senate Committee on Health, Education, Labor, and Pensions, introduced S. 9, the Lifetime of Education Opportunities Act of 2005. This bill includes the Workforce Investment Act Amendments of 2005. Except for technical changes, this bill is identical to S. 1627, which was incorporated into the Senate version of H.R. 1261 and passed by the Senate in the 108th Congress.⁴

One of the most contentious issues in H.R. 27 is a provision that would allow religious organizations that operate job training programs to take religion into consideration in hiring. This provision is not included under the nondiscrimination provisions of current law and is not included in S. 9. Another major difference between H.R. 27 and S. 9 is that H.R. 27 would create a consolidated adult program by combining funding for adult activities, dislocated worker activities, the employment service, and reemployment grants. The funding for these programs is currently allocated under separate formulas. S. 9 would not create a consolidated adult program; funding streams would remain separate in the Senate bill.

Both H.R. 27 and S. 9, among other things, would also amend and reauthorize adult education and literacy programs and the Rehabilitation Act of 1973⁵. These programs and Title I of WIA would be reauthorized through FY2011. With regard to adult education, H.R. 27 would modify the Adult Education and Family Literacy Act (AEFLA) to provide additional emphasis on basic skills and educational services for immigrants and other persons with limited English proficiency. S. 9 would make similar changes, but would also expand services for adults in the transition to a postsecondary education.

Regarding the Rehabilitation Act of 1973, both H.R. 27 and S. 9 include provisions to improve and expand student transition services for students with disabilities. H.R. 27 would reserve \$50 million for expanded transition services from Title I state formula allotments in years when funds appropriated for Title I exceed the FY2004 level by at least \$100 million. S. 9 has no comparable provision. H.R. 27 would also remove the requirement that the Commissioner of the Rehabilitation Services Administration (RSA) be appointed by the President and confirmed by the Senate. Instead, the Secretary of Education would appoint a Director of RSA. The

³ The FY2005 appropriations act (P.L. 108-447) provided a total of \$250 million for these grants.

⁴ For more information on reauthorization of WIA job training programs in the 108th Congress, see CRS Report RS21484, *Workforce Investment Act of 1998 (WIA): Reauthorization of Title I Job Training Programs in the 108th Congress*, by Ann Lordeman.

⁵ For more information on reauthorization of the Rehabilitation Act of 1973, see CRS Report RS22068, *Rehabilitation Act of 1973: 109th Congress Legislation and FY2006 Budget Request* by Sidath V. Panangala and Carol O'Shaughnessy.

Director would not have to be approved by the Senate. S. 9 would not make this change to current law.⁶

The remainder of this report focuses on Workforce Investment Systems, Title I of WIA.

Summary of Amendments to Title I

One-Stop Delivery System

Under current law, services for adults are provided primarily through a coordinated service-delivery system overseen by local workforce investment boards (WIBs). This “one-stop” system is intended to provide a “seamless” combination of services to improve employment opportunities for individuals. The law mandates that certain “partners,” which are entities that administer programs such as adult education and vocational rehabilitation, provide “applicable” services through the one-stop system. In addition to these mandatory partners, WIA specifies certain programs, such as Temporary Assistance for Needy Families (TANF), as optional partners. Both H.R. 27 and S. 9 would make TANF a required partner unless the state’s Governor notified the Departments of Labor and Health and Human Services that TANF was not to be a required partner.

Under current law, each required partner must enter into a memorandum of understanding (MOU) with the local WIB regarding, among other things, how the operating costs of the system will be funded. H.R. 27 would require that each Governor determine a portion of one-stop partner programs’ federal funds for administration to be contributed toward paying the costs of the one-stop centers’ infrastructure (defined as nonpersonnel costs). Only funds available for the costs of administration for each mandatory or participating optional partner program could be used, except that federal direct spending programs, such as TANF, would contribute an amount equal to their proportionate use in the state. Each state WIB would develop the formula to be used by the Governor in allocating the funds to the one-stop centers it would certify for this purpose.

S. 9 would require the Governor to make this determination *only* if the local board, chief elected official, and the one-stop partners in a local area failed to reach agreement in the MOU on methods to sufficiently fund the infrastructure costs. Under S. 9, there would be a cap on the portion of federal funds that could be required to be contributed. The cap would apply to all federal funds allotted to a program, but the funds could be contributed only from the administrative funds. This cap would be 3% of federal funds for WIA programs and the employment service authorized under the Wagner-Peyser Act, and 1.5% for other required partners. For vocational rehabilitation, the cap would increase from 0.75% to 1.5% over five years.

⁶ Programs authorized under both the Adult Education and Family Literacy Act and the Rehabilitation Act of 1973 also would be affected by amendments regarding the one-stop delivery system in Title I of WIA. For information on these amendments, see the section of this report on the one-stop delivery system.

Under both bills, the method for determining the appropriate portion of funds to be provided by Native American programs to pay for the costs of infrastructure of a one-stop center would be determined as part of the MOU.

Structure of State and Locally Administered Programs

Under current law, the state WIB, which functions as an advisory body to the Governor, includes in its membership the Governor; members of the state legislature; chief elected local officials; representatives of the lead state agencies responsible for the programs carried out by one-stop partners, business, and labor organizations; and individuals and representatives of organizations having experience with youth. Both H.R. 27 and S. 9 would add the state agency officials responsible for economic development to the required membership, clarify that the director of the state vocational rehabilitation unit be a member of the state WIB, and would remove representatives of youth organizations as members.

Both bills would amend the functions of the WIB by adding the requirement that they develop and review statewide policies affecting the provision of coordinated or integrated services through the one-stop system. H.R. 27 would also amend the functions of the WIBs by adding the requirement that they assist the Governor in certifying one-stop centers and awarding infrastructure funds.

One function of the state WIB is to assist the Governor in the designation of local workforce investment areas. Under current law, a request for designation is automatically approved if it is from any unit of general local government with a population of 500,000 or more, an area served by a rural-concentrated employment program, or from a local area in Rhode Island. H.R. 27 eliminates the automatic designation for local areas in Rhode Island, but continues automatic designation for jurisdictions with populations of 500,000 or more and rural-concentrated employment programs, although the Governor may deny a request for designation if the unit of government did not perform successfully⁷ during the preceding two years. S. 9 would continue to allow for automatic designation of any unit of general local government with a population of 500,000, an area served by a rural-concentrated employment program, or a local area in Rhode Island, but only if the area performed successfully and sustained fiscal integrity⁸ in the two-year period following the enactment of S. 9. In addition, S. 9 would make any area that was a local workforce investment area in the two years preceding the enactment of S. 9 an automatically designated area if the area had performed successfully and sustained fiscal integrity.

⁷ H.R. 27 does not define “perform successfully.” S. 9 defines the standard to mean that the local area performed at 80% or more of its adjusted level of performance for core indicators of performance, e.g., entry into employment. (See discussion of performance accountability below.)

⁸ S. 9 defines “fiscal integrity” to mean that the Secretary of Labor has not made a formal determination that funds were “misexpended” in the local area due to willful disregard of the requirements of the law, gross negligence, or failure to comply with accepted standards of administration.

Within each local area, a local WIB is certified by the Governor under current law. These local boards have broad responsibility for developing a local workforce investment system. Membership includes representatives of businesses, local educational entities, labor organizations, community-based organizations, economic development agencies, and one-stop partners. Both H.R. 27 and S. 9 would eliminate the requirement that representatives of the one-stop partners be included on the local WIBs; one-stop partners are required members of the state WIBs. Under current law, each local board is required to establish a youth council as a subgroup of the WIB to develop the youth portion of the local plan, to recommend eligible providers of youth activities, and to coordinate youth activities in the local area. Both bills would make youth councils optional. H.R. 27 would add “faith-based organization” to the list of entities that must be represented on the local board. S. 9 would not make this change, but it would include a “faith-based organization” in the definition of a community-based organization. Representatives of community-based organizations are required members of the local boards.

State and National Programs

Overview. Under current law, there are three state-administered programs: youth, adult, and dislocated worker, each of which has its own state grant. Both bills would retain the youth program, but refocus it as described below. H.R. 27 would create a consolidated adult program by combining the state grants for the WIA adult and dislocated worker programs with the state reemployment grants and state employment service grants, both of which are authorized under the Wagner-Peyser Act (29 U.S.C. §§ 49 et seq.) S. 9 would maintain separate programs.

There are several national programs under current law, such as Job Corps, and programs for Native Americans, migrant and seasonal farmworkers, and veterans. Both bills would retain these programs and would create a new Youth Challenge Grant Program.⁹ H.R. 27 would also create two new demonstration programs, discussed below.

Youth Challenge Grants. This program would be designed to assist youth in acquiring the skills, credentials, and employment experience necessary to succeed in the labor market. Under both H.R. 27 and S. 9, of the funds reserved by the Secretary of Labor for this program, not less than 80% would be used for competitive grants to states and local areas, and not more than 20% would be used for discretionary grants to public or private entities. Under H.R. 27, the Secretary could make grant awards for a period of one year, which could be renewed for each of the four succeeding years. Under S. 9, the Secretary would make grant awards for a period of two years, which could be renewed for a period of not more than three succeeding years. Under H.R. 27, the Secretary could require the grantees to provide an unspecified non-federal share of the cost of the activities. Under S. 9, the Secretary must require grantees to provide non-federal matching funds of not less

⁹ Youth Challenge Grants would replace Youth Opportunity Grants (YOGs) — competitive grants made to local WIBs and other entities to increase the long-term employment of youth living in empowerment zones, enterprise communities, and high-poverty areas. YOGs have not been funded since FY2003.

than 10% of the cost of the activities. The youth served by the grants would be ages 14 through 19 under H.R. 27, and ages 14 through 21 under S. 9.

State and Local Formula Allocations

Youth Allocations. Under current law, of the funds appropriated for youth activities, not more than 0.25% is reserved for outlying areas¹⁰ and not more than 1.5% is reserved for youth activities for Native Americans. The remainder of funds are allocated to states by a formula based one-third on the relative¹¹ number of unemployed individuals residing in areas of substantial unemployment (an unemployment rate of at least 6.5%), one-third on the basis of the relative “excess” number of unemployed individuals (an unemployment rate more than 4.5%), and one-third on the basis of the relative number of low-income youth. In addition, states receive a minimum of the higher of the amount which is 90% of their relative share of the prior year’s funding (i.e., minimum funding) or 0.25% of the total allocation (i.e., floor), and a maximum of the amount which is 130% of their relative share of the prior year’s funding (i.e., maximum funding).

Under H.R. 27, of the funds appropriated for youth activities, the Secretary of Labor would reserve 25% for Youth Challenge Grants — not to exceed \$250 million. Of the remainder, not more than 0.25% would be reserved for grants to outlying areas and not more than 1.5% for youth activities for Native Americans. Under S. 9, the Secretary would reserve any funds appropriated in excess of \$1.0 billion for Youth Challenge Grants up to a maximum of \$250 million. Of the remainder not reserved for Youth Challenge Grants, not more than 0.25% would be reserved for grants to outlying areas and not more than 1.5% for youth activities for Native Americans. Under S. 9, of the amount reserved for Youth Challenge Grants, the Secretary would reserve the greater of \$10 million or 4% for youth activities for farmworkers. H.R. 27 does not contain this provision.

Under both bills, funds would be allocated to states using the current law formula,¹² except that any funds in excess of the amount available to states for FY2005, estimated at \$969 million, would be allocated by a three-part formula based equally on each state’s relative number of individuals in the civilian labor force compared to the total number of individuals in the civilian labor force in all states ages 16 through 19 under H.R. 27 and ages 16 through 21 under S. 9; each state’s relative number of unemployed individuals compared to the total number of unemployed individuals in all states; and each state’s relative number of economically disadvantaged youth age 16 through 21, compared to the total number

¹⁰ The outlying areas comprise the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the federated States of Micronesia, and the Republic of Palau.

¹¹ The word “relative” as used in this report means the number of individuals in a state compared to the total number in all states.

¹² Under current law, one-third of funds are allocated on the basis of the relative number of unemployed individuals residing in areas of substantial employment; one-third on the basis of the relative excess number of unemployed individuals; and one-third on the basis of the relative number of disadvantaged youth ages 16 through 21.

of disadvantaged youth in all states. Under both bills, it appears that minimum, floor,¹³ and maximum provisions apply to both the excess funds and to the total appropriation.

Under current law, of the funds allocated to states, Governors can reserve not more than 15% for statewide activities. The remainder of the funds are allocated to local areas. Under H.R. 27, of the funds allocated to the states, Governors could reserve up to 10% for statewide activities. Under S. 9, up to 15% could be reserved, the same as current law. Under current law, of the remainder not reserved for statewide activities, not less than 70% is allocated based on a statutory formula that uses the same factors and weights used to allocate funds to states, and up to 30% is allocated on a formula developed by the state board. Under both H.R. 27 and S. 9, 80% would be allocated to local areas using the same factors and weights that would be used to allocate funds to states, and 20% would be allocated to local areas on a formula developed in consultation with state and local WIBs.

Allocations for Adult Activities. Separate formulas are currently used to allocate funds to states for adult activities, dislocated worker activities, the employment service, and reemployment grants.¹⁴ Under H.R. 27, these four funding streams would be combined into one formula grant for a revised adult program. Of the funds appropriated for adult activities, the Secretary of Labor would reserve 10% to provide for national dislocated worker grants (currently called national emergency grants), demonstration projects, and technical assistance.¹⁵ Of the remainder, not more than 0.25% would be reserved for grants to outlying areas. The remainder would be allocated by a two-part formula. The first part would allocate 26% of the remainder based primarily on a state's prior-year share of the Wagner-Peyser state allotments. The second part would allocate 74% of the remainder as follows: 60% (of the remaining 74% of total funds) would be allotted to states on the basis of the relative number of unemployed individuals, 25% on the basis of the relative excess number of unemployed individuals, and 15% on the basis of the relative number of low-income adults. In addition, under the second part of the formula, states would receive a minimum of the higher of the amount which would be 90% of their relative share of the prior year's funding (i.e., minimum funding) or 0.20% of the total allocation (i.e., floor), and a maximum of the amount which would be 130% of their relative share of the prior year's funding (i.e., maximum funding). Each state's total allotment would be the sum of its allotment under the two parts, except that no state would receive less than it received in FY2005 for the total of the four funding streams and, unless DOL determined otherwise, no state would receive 3% more than it had in FY2005 for the four funding streams. The funds needed to ensure that no

¹³ It appears that the floor would increase from 0.25% of the total allocation to states to 0.30% of the excess *and* 0.30% of the total amount available to states even if there were no excess funds to allocate.

¹⁴ For a detailed description of how funds are allotted to states for adults, dislocated workers, and employment services, see [<http://www.doleta.gov/budget/WIAFormDesc.pdf>].

¹⁵ Of the 10%, not less than 75% would be used for national dislocated worker grants, of which up to \$125,000,000 could be used to carry out a demonstration project on community-based job training, not more than 20% could be used for demonstration projects, and not more than 5% could be used to provide technical assistance.

state received less than it had in FY2005 would come both from states that would have received an increase greater than 3%, but were reduced to a 3% increase, and from the Secretary's Reserve (i.e., 10% of the total appropriation).

S. 9 would not create a consolidated adult program; funding streams would remain separate. The funding formula for the adult program would be a modified version of the current formula, with 40% of the funds to be allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment, rather than one-third under current law, 25% on the basis of the relative number of individuals in the civilian labor force — which is not currently a factor — and 35% on the basis of the relative number of low-income adults rather than one-third. The dislocated worker formula would be the same as current law.

Under current law, of the funds allocated to states for adult activities, the Governor can reserve not more than 15% for statewide activities. S. 9 would retain current law. Under H.R. 27, the Governor could reserve up to 50% for statewide activities. Of this amount, not less than half would be distributed to local areas by formula to support the provision of core services (e.g., outreach and job search assistance) through one-stop delivery systems. States could employ state personnel to provide the services in local areas in consultation with local boards.

Under current law, of the funds allocated to local areas for adult activities, not less than 70% are allocated based on a statutory formula, and up to 30% are allocated on a formula developed by the state board. S. 9 would retain current law with respect to the shares of funds allocated under a statutory formula versus a formula developed by a state board, but the statutory formula would be modified.¹⁶ Under H.R. 27, of the funds allocated to local areas for the consolidated adult program, 85% would be allocated based on a statutory formula,¹⁷ and 15% would be allocated to local areas based on a formula developed in consultation with state and local WIBs.

Youth Activities

Under current law, “eligible youth” are individuals not less than age 14 and not more than age 21, low-income, and have a barrier to completing an educational program or securing or holding employment. At least 30% of the funds currently allocated to local areas have to be spent on activities for out-of-school youth. Under H.R. 27, eligible youth would be not less than age 16 and not more than age 24. At least 70% of the funds would have to be spent on school dropouts, recipients of a secondary school diploma or the General Educational Development (GED)

¹⁶ Forty percent of funds would be allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment, 25% on the basis of the relative number of individuals in the civilian labor force, and 35% on the basis of the relative number of low-income adults. These are the same factors and weights as are used to distribute the 74% of funds to states.

¹⁷ Sixty percent of funds would be allocated on the basis of the relative number of unemployed individuals in each local area, 25% on the basis of the relative excess number of unemployed individuals, and 15% on the basis of the relative number of disadvantaged adults in each local area.

certificate, court-involved youth attending an alternative school, and youth in foster care or who have been in foster care. Within this group, which would not have to be low-income, priority for youth activities would be given to school dropouts. No more than 30% of the funds could be spent on in-school youth who would be low-income. In addition, activities for in-school youth could be carried out only during non-school hours.

Under S. 9, in-school youth would be not less than age 14 and not more than age 21, low-income, and have a barrier to completing an educational program or securing or holding employment. Out-of-school youth would be not younger than age 16 or older than age 21 and would have to meet one of several criteria such as a school dropout or a youth subject to the juvenile justice system. At least 40% of the funds would be spent on out-of-school youth. Unlike H.R. 27, S. 9 does not create a priority for serving school dropouts.

Adult Activities

Under current law, three levels of services (core, intensive, and training) are provided to individuals sequentially. To be eligible to receive intensive services, such as comprehensive assessments and development of individual employment plans, an individual must first receive at least one core service, such as job search, and have been unable to either obtain employment or retain employment that allows for self-sufficiency. To be eligible to receive training services, such as occupational skills training and on-the-job training, an individual must have received at least one intensive service, and must have been unable to obtain or retain employment.

Both bills would modify this sequencing of services to provide that individuals could receive intensive or training services if they were unlikely *or* unable to obtain or retain employment through core or intensive services, respectively. Under H.R. 27, unemployed individuals would be eligible to receive intensive or training services if the one-stop operator determined they would be “unlikely or unable to obtain suitable employment,” or in the case of an employed person, “retain suitable employment.” The Governor would define “suitable employment.” Under the Senate version, unemployed individuals would be eligible to receive intensive or training services if the one-stop operator determined they would be “unlikely or unable to obtain employment that leads to self sufficiency or wages comparable to or higher than previous employment,” or in the case of an employed person, leads to “self-sufficiency.” Under S. 9, a self-sufficiency standard defined by states for state activities and local workforce investment boards for local activities would specify the income needs of families, by family size, the number and ages of children in the family, and sub-state geographical considerations.

Under current law and S. 9, if a local area determined that funds for adult activities are limited, a priority for intensive and training services must be given to recipients of public assistance and low-income individuals participating in the adult program.¹⁸ H.R. 27 would add a priority for intensive and training services for unemployed individuals in its consolidated adult program.

¹⁸ There is no similar priority for the dislocated worker program.

Both bills would permit local WIBs to use 10% of their allotment for adult activities for incumbent worker training programs to assist workers in obtaining the skills necessary to retain employment and avert layoffs.¹⁹ An employer match would be required.

Training, as in current law, would be provided primarily through individual training accounts, which would be called career scholarship accounts in S. 9. The one-stop operator is responsible for arranging payment to eligible training providers. Current law stipulates specific procedures states must follow for determining provider eligibility, including specific cost and performance information that providers must collect. Under both bills, current statutory requirements would be eliminated and Governors would be responsible for establishing criteria and procedures regarding the eligibility of providers. Local WIBs and one-stop delivery systems would continue to retain a list of eligible providers, and participants would continue to choose providers from this list in consultation with a case manager.

Demonstration and Pilot Projects

Under current law, the Secretary of Labor is authorized to carry out demonstration and pilot projects that would develop and implement approaches and demonstrate the effectiveness of specialized methods in addressing employment and training needs. Both H.R. 27 and S. 9 would amend the list of projects that could be funded to include projects that focus on opportunities for employment in industries and sectors of industries that are experiencing (or are likely to experience) high rates of growth, and projects that provide retention grants to job training programs upon placement or retention of a low-income individual in jobs providing a certain level of income. In addition, H.R. 27 and S. 9 each would authorize specific demonstration projects that are summarized below.

Community-Based Job Training. H.R. 27 would authorize a competitive grant demonstration project to community colleges or consortia of community colleges that would work with the local workforce investment system and business in a qualified industry (e.g., an industry or economic sector projected to experience significant growth) to carry out activities that could include:

- the development of rigorous training and education programs related to employment in a qualified industry;
- training of adults and dislocated workers in the skills and competencies needed to obtain or upgrade employment in a qualified industry;
- disseminating to adults and dislocated workers, through the one-stop delivery system, information on high-growth, high-demand occupations in qualified industries;
- placing, through the one-stop delivery system, trained individuals into employment in qualified industries; and

¹⁹ Under current law, statewide activities may include training for incumbent workers, but there is no similar provision for local areas.

- increasing the integration of community colleges with activities of businesses and the one-stop delivery system to meet the training needs for qualified industries.

For FY2005, the President requested \$250 million for a competitive grant demonstration project to enhance the capacity of community colleges to provide training, particularly for occupations in demand by high growth industries. The FY2005 consolidated appropriations act (P.L. 108-447) provided a total of \$250 million for these grants: \$125 million is provided under WIA demonstration authority, and an additional \$125 million is required to be spent from the National Reserve of the Dislocated Worker Assistance Program. For FY2006, the President has again requested \$250 million for this demonstration project. H.R. 27 would authorize \$125 million under WIA demonstration authority and would provide that \$125 million could be spent from the Secretary's Reserve under the new consolidated adult program. This demonstration project is not included in S. 9.

Personal Reemployment Accounts (PRAs). H.R. 27 would authorize a PRA demonstration project. The PRA provisions in H.R. 27 are identical to the provisions contained in H.R. 444, passed in the House in the 108th Congress.

The principal features of the PRA demonstration are as follows:

- States and other eligible entities would provide accounts of up to \$3,000 per eligible individual. The initial account balances must be the same for all participants within a state.
- Eligible individuals primarily would be Unemployment Insurance (UI) claimants identified through worker profiling as likely to exhaust their benefits and in need of job search assistance to obtain new employment.²⁰ Eligible entities could, at their option, extend accounts to individuals who had exhausted their benefit entitlement and (a) are in training for which completion requires additional support, or (b) were laid off from an industry or occupation with declining employment or which no longer provides jobs in a local area.
- Individuals could use the account funds, at their own discretion, to purchase a variety of employment-related services (e.g., intensive services, training, and support services and assistance with buying or leasing a car) on a fee-for-service basis from the one-stop delivery system or other service providers. Recipients could only receive training, intensive, and support services on a fee-for-service basis

²⁰ P.L. 103-152, which amended the Social Security Act, required states to develop systems of profiling new UI claimants in order to identify those likely to exhaust their benefits. After states screen out initial claimants on recall status (including in some cases persons laid off from seasonal industries) and those who exclusively use union hiring halls, the states use statistical models or characteristic screens to identify potential UI exhaustees. Measures taken into account include previous occupation, industry, wages, and job tenure; educational attainment and other claimant characteristics; local economic indicators; and the individual's UI weekly benefit amount. States are not permitted to include such equal opportunity characteristics as age, race, gender, and disability status.

during the one-year period from the date of establishment of their accounts. Core services provided by one-stop centers would remain free to account recipients (e.g., access to job listings and assistance with writing resumes).

- Individuals with PRAs who obtain full-time jobs within a 13-week qualification period (dating from initial receipt of UI benefits for those still eligible for benefits and from the account's establishment for those who had exhausted their benefits) would receive any funds remaining in their accounts as bonuses. The bonuses would be dispensed in two installments: 60% upon reemployment and 40% six months thereafter.

These features are similar to an \$8 million PRA demonstration for which the Labor Department (DOL) announced awards to seven states on October 29, 2004.²¹ For FY2005, the President requested \$50 million under the authority of WIA Section 171 for a PRA demonstration. Funding for the demonstration was not included in the FY2005 consolidated appropriations act (P.L. 108-447). No request for funding was made for FY2006.

Training for Realtime Writers. H.R. 27 would authorize competitive grants to court reporting or realtime writing training programs that met certain conditions to promote training and placement of individuals as realtime writers in order to meet the requirements for closed captioning of video programming set forth in Section 723 of the Communications Act of 1994.

Business Partnership Grants. H.R. 27 would authorize competitive grants to businesses or business partnerships to expand local sector-focused training and workforce development in high-growth, high-wage industry sectors.

Skill Certification Pilot Projects. S. 9 would require the Secretary of Labor to establish and carry out not more than 10 pilot projects to establish a system of industry-validated national certification of skills. For FY2006, \$30.0 million would be authorized for these pilot projects.

Integrated Workforce Training Programs for Adults with Limited English Proficiency. S. 9 would require the Secretary of Labor to establish and implement a national demonstration project designed to both analyze and provide data on workforce training programs that integrate English language acquisition and occupational training. The Secretary would be required to make not less than 10 grants on a competitive basis. For FY2006, \$10.0 million would be authorized for this demonstration project.

²¹ The seven states are Florida, Idaho, Minnesota, Mississippi, Montana, Texas and West Virginia. For more information, see [<http://www.dol.gov/opa/media/press/opa/OPA20042248.htm>].

Performance Accountability

Under current law, there are four core indicators of performance for programs serving youth ages 19 through 21, adults, and dislocated workers: entry into unsubsidized employment, retention in employment six months after job entry, earnings received six months after job entry, and attainment of a recognized credential. There are also two measures of customer satisfaction, one for individuals and one for employers. H.R. 27 would eliminate the measure of attainment of a credential. H.R. 27 would also eliminate the current measures of customer satisfaction, but would permit states to include customer satisfaction of employers and participants as additional indicators of performance in the state plan. S. 9 would modify the earnings measure to be an “increase in earnings”; it would not eliminate measures of customer satisfaction. Both bills would eliminate the application of these indicators to youth ages 19 through 21.

Under current law, there are three indicators of performance for programs serving youth ages 14 through 18: attainment of basic skills, attainment of secondary school diplomas and their equivalents, and placement and retention in such things as postsecondary education, advanced training, military service, and employment. Both H.R. 27 and S. 9 would modify current core indicators of performance to apply to youth of all ages. The three indicators, that are similar but not identical, would be entry into employment, education or advanced training, or military service; attainment of secondary school diplomas or their recognized equivalents, and postsecondary certificates; and literacy or numeracy gains. Under S. 9, a state could add in the state plan additional indicators of performance including indicators identified in collaboration with State business and industry associations, with employee representatives, and with local boards, to measure the performance of the workforce investment system in serving the workforce needs of business and industry in the state.

Nondiscrimination

Under current law, discrimination regarding participation, benefits and employment because of race, color, religion, sex, national origin, age, disability or political affiliation is prohibited. H.R. 27 would continue these prohibitions, but it would add an exemption for religious organizations with respect to their employment of individuals of a particular religion. S. 9 would not change current law.

Authorization of Appropriations

Youth, Adult, and Dislocated Worker Activities. Under H.R. 27, youth activities would be authorized at \$1,250,000,000 for FY2006, and for such sums as necessary for each of the fiscal years 2007 through 2011. Adult activities under the new consolidated adult program would be authorized at \$3,140,000,000 for FY2006, and for such sums as necessary for each of the fiscal years 2007 through 2011. Under S. 9, youth, adult, and dislocated worker programs would be authorized for such sums as necessary for each of the fiscal years 2006 through 2011.

Demonstration and Pilot Projects. H.R. 27 would authorize \$211.0 million for FY2006 and such sums as may be necessary for each of the fiscal years 2007 through 2011. Of this amount, the Secretary would reserve up to \$125,000,000 for the Community-Based Job Training Demonstration Project. S. 9 would authorize such sums as may be necessary for each of the fiscal years 2006 through 2011.